COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1937-02
Bill No.: HB 979
Subject: Tax Credits; Taxation and Revenue - Income; Revenue Dept.
Type: Original
Date: April 6, 2011

Bill Summary: Would eliminate tax credit programs and enact a flat 3.125% income tax.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	$0	($1,092,065,886 to $1,528,943,692)	($1,095,434,484 to $1,529,309,560)
Total Estimated Net Effect on General Revenue Fund	**$0**	**($1,092,065,886 to $1,528,943,692)**	**($1,095,434,484 to $1,529,309,560)**

*** Note: The fiscal note does not reflect the possibility that some of the tax credits could be utilized by insurance companies against insurance premium taxes. If this occurs, the increase in tax revenue would be split between the General Revenue Fund and the County Foreign Insurance Fund, which ultimately goes to local school districts.**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 19 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	0	28	28
Total Estimated Net Effect on FTE	**0**	**28**	**28**

☐ Estimated Total Net Effect on All funds expected to exceed $100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed $100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than $2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assumed the proposal would not result in additional costs or savings to the Division of Budget and Planning.

BAP officials stated that they had attempted to provide some analysis on the fiscal impact of the proposal but given the short turn-around time, a thorough review and analysis was not possible.

Tax Credit Provisions

BAP officials noted that this proposal would prohibit the issuance of any tax credits under numerous tax credit programs after 12/31/11. This proposal would effectively eliminate all tax credit programs except for the Senior Citizens Property Tax Credit.

According to their submissions included in their FY 2012 budget requests, the various state agencies estimated the balance of unredeemed tax credits to be between $628 million (credits already issued) and $2,320 million (including credits authorized but not yet issued). The Department of Economic Development (DED), the Department of Revenue (DOR), and other agencies that administer tax credits can better address the impacts of the loss of those programs.

ASSUMPTION (continued)

BAP officials also noted that tax credit redemptions excluding the Senior Citizens Property Tax Credit totaled $404.3 million in FY 2010. This proposal would increase General and Total State Revenues to the extent that tax credits are no longer redeemed, but economic activity associated with tax credit programs would be reduced. BAP cannot estimate the potential loss of induced revenues as a result of this proposal.

Income tax provisions

BAP officials stated that this proposal would end the current income tax structure with tax years ending on or before December 31, 2011. For succeeding years a new income tax structure is proposed. The new rate would be 3.125% on all taxable income. Current personal and dependent exemptions would be eliminated, and new exclusions are proposed. Taxable income would be redefined to include the addition of many federal deductions, but would exclude numerous other forms of income such as certain capital gains, social security and public assistance, and a portion of school expenses. BAP does not have data in sufficient detail to provide an estimate of the impact on General and Total State Revenues, and defers to the Department of Revenue or the University of Missouri - Economic and Policy Analysis Research Center for such an estimate.

Officials from the **Department of Agriculture** (AGR) assume this proposal would eliminate the Qualified Beef Tax Credit Program, the Family Farm Breeding Livestock Tax Credit Program, the New Generation Cooperative Incentive Tax Credit Program, and the Ag Product Utilization Tax Credit Program which are administered by the Missouri Agricultural and Small Business Development Authority. Fee revenues for these four programs over the past four fiscal years have averaged $286,135; we therefore project the authority would lose this much revenue each year if this proposal is enacted.

Officials from the **Department of Economic Development, Division of Workforce Development**, assume this proposal would result in an unknown negative impact in excess of $18 million.

ASSUMPTION (continued)

Officials from the **Department of Economic Development, Missouri Development Finance Board** (MDFB) assume this proposal would eliminate all tax credits after December 31, 2011 as well as lower the Missouri Income Tax Rate. The legislation does not address what happens to tax credits already allocated and unissued to projects. We have assumed that under this legislation the rewrite of the tax code would make authorized and unissued credits obsolete and void.

As FY 2010, the MDFB BUILD program had $78,304,109 in authorized and unissued credits and $2,184,225 in unredeemed credits and the MDFB Infrastructure Development Credit program had $19,743,367 in authorized and unissued credits and $39,134,395 in unredeemed credits. Without taking into consideration any FY 2011 authorizations, issuances and redemptions, total potential savings would be the cumulative amount of credits authorized but unissued and unredeemed.

The legislation would also eliminate two revenue streams for the Board's operations as well as eliminate two programs the Board has historically used in funding public infrastructure. The legislation would prohibit the issuance of Bond Guarantee Tax Credits, as such credits used as collateral on Board owned projects would become null and void. MDFB would have to restructure its financing on its projects and pay down what it could or sell these assets.

Oversight notes that these provisions would not require any appropriation or expenditure of state funds will not include the fiscal impact for these provisions in this fiscal note.

Officials from the **Department of Economic Development, Missouri Housing Development Commission**, (MHDC) assume this proposal would reduce the amount of Missouri Low Income Housing Tax credits (LIHTC) authorized, issued and redeemed, which would increase Total State Revenue.

Affordable Housing Assistance Program (AHAP)

No tax credit shall be issued under sections 32.100 to 32.125 after December 31, 2011. This would result in an eventual reduction of redemptions and corresponding increase in General Revenue. However, because the AHAP has a 10-year carry forward provision, taxpayers could potentially continue to redeem AHAP credits through FY22.

ASSUMPTION (continued)

Missouri Low Income Housing Tax Credit (LIHTC)

This proposal would sunset the tax credit program on December 31, 2011. However, because of the significant lag time between authorization, issuance and redemption of credits, it would take several years for the full impact of this change to be realized. This would eventually have a significant fiscal impact.

Because the LIHTC is a 10-year credit, the full impact of the sunset would not impact general revenue based on the existing approved credits. The fiscal impact associated with a reduction in future issuances and redemptions would be projected to start in FY 2014 in the amount of $1,920,000. It is assumed that MHDC would receive approximately $13.2 million in federal tax credits and $6 million in tax exempt bonds. This proposal could result in the reduction of staff, however, staff would continue to have to allocate the federal low income housing tax credits, and no salaries are currently paid through general revenue.

Officials from the **Department of Economic Development, Division of Business and Community Services** (BCS) assume this proposal would repeal several tax credit programs, effective December 31, 2011, which are administered by BCS. DED assumes an unknown positive impact over $100,000 as a result of this proposal. Any anticipated positive fiscal impact based on the sunset of programs would be offset by an unknown negative fiscal impact over $100,000 with respect to those programs that require or result in a net positive fiscal impact to the state in order for the benefit or tax credit to be issued. Such programs would include Enhanced Enterprise Zone, Brownfield, and Missouri Quality Jobs.

DED assumes that tax credits previously authorized or issued under any program with a carry forward provision would continue to be redeemed under these programs. DED also assumes there would be a graduated reduction in FTE over time, at the earliest starting in FY2013, as projects are completed and gradually close out.

The potential positive fiscal impact as a result of the repealed programs is shown below based on estimates of the range of potential positive fiscal impact, with the high end of the range represented by the applicable program cap and the low end represented by the average annual authorizations of tax credits under the applicable programs for fiscal years 2007 through 2009. This range reflects the fact although in any fiscal years there is the potential for tax credit authorizations under these programs up to the applicable cap, the actual authorizations are often less than the cap amount.

ASSUMPTION (continued)

Programs Repealed	**Statutory Authority**	**Savings Based on Average Authorizations (FY07-FY09)**	**Maximum Savings Based on Current Statutory Cap**
Neighborhood Assistance	32.115	$15,652,748	$16,000,000
Development Tax Credit	32.115	$1,450,000	$6,000,000
Distressed Area Land Assemblage	99.1205	First year of tax credit authorization was FY2010	$20,000,000
New Business Facility	135.110	$4,581,994	Unknown (program uncapped)
Enterprise Zone	135.220	$13,508,387	Program eliminated by statute and being phased out
Capital SBIC	135.403	Program Cap Exhausted	Program Cap Exhausted
Youth Opportunities	135.460	$5,641,665	$6,000,000
Neighborhood Preservation	135.481	$14,126,322	$16,000000
Certified Capital Companies (CAPCO)	135.503	Program Cap Exhausted	Program Cap Exhausted
Rebuilding Communities	135.535	$1,788,394	$8,000,000
Transportation Development	135.545	Program Eliminated	Program Eliminated by Statute
New Markets	135.680	$24,375,000	$25,000,000
Wine Producers & Grape Growers	135.700	$183,495	Unknown (program uncapped)
Film Producers	135.750	$3,257,918	$4,500,000

ASSUMPTION (continued)

Programs Repealed	Statutory Authority	Savings Based on Average Authorizations (FY07-FY09)	Maximum Savings Based on Current Statutory Cap
SBA Guarantee Fee	135.766	Program Eliminated	Program Eliminated by Statute
Enhanced Enterprise Zone	135.967	$7,023,970	$24,000,000
Family Development Account	208.770	$99,995	$300,000
Historic Preservation	253.550	$170,114,756	$140,000,000 (FY11)
Seed Capital Investment	348.302	Program Cap Exhausted	Program Cap Exhausted
Brownfield Redevelopment	447.708	$22,348,784	Unknown (program uncapped)
Business Incubator	620.495	$500,000	$500,000
New Enterprise Creation Act	620.650	Program Cap Exhausted	Program Cap Exhausted
Quality Jobs	620.1881	$21,993,492	$80,000,000
TOTAL SAVINGS		**$306,646,920**	**$346,300,000**

Officials from the **Department of Health and Senior Services** (DHSS) stated that this proposal would sunset the Shared Care Tax Credit effective December 31, 2011. DHSS administers the Shared Care Tax Credit, and assumes that tax credits already authorized for calendar year 2011 would be redeemable in FY 2012 (for the tax year 2011). The average claimant redeemed $431 in credits in FY 2010.

DHSS officials assume that tax credits of approximately $106,068 per year for approximately 246 claimants would not be issued or redeemed.

DHSS did not indicate the amount of administrative impact, if any, related to this proposal.

ASSUMPTION (continued)

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** (DIFP) stated that this proposal would eventually result in additional premium tax revenue due to the elimination of tax credits used by insurance companies. It is unknown how many insurance companies have outstanding tax credits or when they would choose to utilize them. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic stock property and casualty companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts throughout the state. County Stock Fund receipts are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by tax credits each year. DIFP officials estimated that the General Revenue Fund and the County Foreign Insurance Fund would have unknown amounts of additional revenue in FY2012, FY2013, and FY2014.

Officials from the **Department of Natural Resources** (DNR) assume this proposal would:

* Sunset the Wood Energy Tax Credit as of December 31, 2011. The Wood Energy Tax Credit issues about $3,200,000 in tax credits each year. It is currently due to sunset on June 30, 2013.

* Sunset the Charcoal Producer tax credit December 31, 2011. The Department assumes that Charcoal Producer tax credits previously authorized prior to Aug. 28, 2011 would still be redeemable through 2012.

* Sunset Alternative Fuel Infrastructure tax credit December 31, 2011. Since the tax credit is available only through December 31, 2011 and set at a ceiling of $1 million for that tax year, the impact would be limited to eligible taxpayers that carry over unused tax credits from a previous tax year, in this case, limited to two subsequent years or tax credits that were not used in prior years if the tax credit was subject to apportionment due to a high number of tax credit subscribers.

ASSUMPTION (continued)

The Alternative Fuel Infrastructure Tax Credit is slated to end December 31, 2011 under current statute. Savings could result from any unused credit carried forward for the maximum allowed period of two years.

* Terminate the Energy Efficiency Tax Credit December 31, 2011. The Energy Efficiency Tax Credit is really a deduction and not a tax credit.

* Prohibit the Department of Economic Development from issuing tax credits for various programs after December 31, 2011. The State Historic Preservation Office is responsible for reviewing and approving rehabilitation work for state historic preservation tax credits. Federal and State tax credits can be used in combination for the rehabilitation of commercial or income producing properties. For the purposes of this fiscal note, DNR officials assume that appropriation authority would continue through FY 2012. DNR officials assume this appropriation authority would not continue past the sunset date of the Historic Preservation Tax Credit program, which may result in staff reductions.

* End the Nonresident Athletes and Entertainers Tax and terminate the transfer of funds from the General Revenue Fund to the Historic Preservation Revolving Fund after December 31, 2011. Funding from the Historic Preservation Revolving Fund is used by the department's State Historic Preservation Office (SHPO).

  The Historic Preservation Revolving Fund provides financial assistance to aid in the preservation of historically-significant publicly owned properties such as county courthouses, city halls, and educational facilities, through the Missouri Heritage Properties Program. The SHPO also receives federal funding from the National Park Service which requires a 40% state match. The Historic Preservation Revolving Funds provides the majority of the match. The loss of matching state funds may result in a loss of federal funding from the National Parks Service and the elimination of grants to local communities.

ASSUMPTION (continued)

* Sunset the Remediation Tax Credit as of December 31, 2011. Ending the Brownfields Remediation Tax Credit would likely affect the Brownfields/Voluntary Cleanup Program (BVCP) by decreasing the number of sites that enroll in the program, as many current participants utilize the tax credits. Enrollment for the Voluntary Cleanup Program is typically 50 sites per calendar year.

DNR officials assumed no direct fiscal impact to their organization from the repeal of the Wood Energy, Charcoal Producers, Alternative Fuel Infrastructure, Energy Efficiency, and the Brownfields Remediation Tax Credits.

Officials from the **Department of Revenue** stated that they were not able to determine the impact of this proposal on total state revenue.

DOR officials stated that the reduction in the individual income tax rate to a flat 3.125% by itself would increase income tax on tax on lower income individuals and would decrease the income on individuals that had income in excess of $9,000, but it is unclear how replacing the current exemptions and deductions with the greater "personal exemptions" provided in the proposal, and the changes related to federal total income would impact the state income tax calculation.

In addition, DOR officials noted that the sunset of tax credit programs would eventually have a positive impact to the General Revenue Fund of several hundred million dollars, but DOR assumes that redemptions of tax credits issued before December 31, 2011 would continue for up to 10 years.

Administrative impact

DOR officials assume that Personal Tax would need to make form changes, and DOR and ITSD-DOR would need to make programming changes for several systems. Personal tax would require two additional temporary employees for key-entry for each (net additional line) added to the return, one additional FTE Revenue Processing Technician I (Range 10, Step L) for every 19,000 errors. DOR officials assume the changes in this proposal would likely double the number of errors reflected on income tax returns.

ASSUMPTION (continued)

In addition, DOR officials assume that Personal Tax would require one additional FTE Revenue Processing Technician I (Range 10, Step L) for every 2,400 pieces of correspondence. DOR officials assume the changes in this proposal would likely double the number of pieces of correspondence.

DOR officials also assumed that Collections & Tax Assistance (CATA) would have additional contacts due to the various number of add back subtraction changes from federal total income. The DOR estimate included one additional FTE Tax Collection Technician I (Range 10, Step L) per 15,000 additional contacts annually to the delinquent tax line, and certain these employees would require CARES equipment and a CARES agent license. DOR officials ALSO assume that CATA would require one additional FTE Tax Collection Technician I (Range 10, Step L) per 15,000 additional contacts annually to the non-delinquent tax line, and certain additional employees would require CARES equipment and a CARES agent license, and one additional FTE Revenue Processing Technician I (Range 10, Step L) per 4,800 additional contacts annually to the Tax Assist Office, and certain additional employees would require CARES equipment and a CARES agent license.

The DOR estimate included 28 additional employees, and salaries, benefits, and related equipment and expense totaled $1,117,847 for FY 2012, $1,147,848 for FY 2013, and $1,159,783 for FY 2014.

Oversight assumes the DOR estimate of expense and equipment cost for additional FTE could be overstated. If DOR is able to use existing equipment such as desks, file cabinets, chairs, etc., the estimate for equipment for fiscal year 2012 could be reduced by roughly $5,000 per employee.

Oversight has, for fiscal note purposes only, changed the starting salary for the additional employees to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight has adjusted the DOR estimate of equipment and expense cost in accordance with OA budget guidelines, and Oversight assumes that a limited number of additional employees could be accommodated in existing office space.

ASSUMPTION (continued)

Oversight notes that the proposal would become effective for tax years beginning January 1, 2012 which would be filed beginning in January, 2013 (FY 2013) and will include DOR costs for six months of FY 2013.

IT impact

DOR officials provided an estimate of the IT impact of the proposal of $113,526 based on 4,284 hours of programming for ITSD-DOR to make changes to DOR systems.

Oversight assumes ITSD-DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes ITSD-DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, ITSD-DOR could request funding through the appropriation process.

Officials from the **Department of Social Services** (DOS) assume the elimination of tax credit programs would have no fiscal impact on their organization. The administration of the four tax credits managed by DOS is spread among three staff and amounts to only .25 FTE. Therefore, DSS expects no significant staff savings as a result of the elimination of the tax credits.

The impact of the proposed change in income tax rates is unknown. Regardless of whether total state revenue is increased or decreased as a result, DOS cannot predict the level of future appropriations to the Department. In those programs that earn matching federal funds, a change in the level of state spending could affect available federal funds.

Officials from the **Joint Committee on Administrative Rules** (JCAR) stated that this proposal is not anticipated to have a fiscal impact to their organization beyond its current appropriation.

ASSUMPTION (continued)

Tax Credit Program Termination

These provisions would prohibit the issuance of credits for Missouri Tax Credit Programs after December 31, 2011.

Oversight has compared total tax credit issuances relative to total tax credit redemptions for several previous years in order to determine a relationship between the two. Oversight has calculated that annual redemptions ranged from 81 percent to 86 percent of annual issuances over this period. Depending on the program, credits redeemed may have been issued that same year or may have been issued several years previously and carried forward to the year it was redeemed. Oversight assumes that tax credits redeemed in a given year would amount to approximately 83 percent of credits issued, reducing Total State Revenues by that amount.

With respect to the termination of tax credit programs, Oversight has shown the fiscal impact of those programs in the fiscal notes for legislation which created the programs and/or made significant changes in the programs. Accordingly, the termination of tax credit programs would result in a positive fiscal impact for the General Revenue Fund and for other funds which had tax credit redemptions. In order to estimate this fiscal impact, Oversight has reviewed the amounts of tax credits issued for the currently active programs over the past five years. Oversight also notes that this proposal would prohibit the issuance of additional tax credits for programs which are not active because they had met their respective program limits or because they were subject to appropriation and no appropriation was made.

Total tax credits issued over the most recent five years for all active programs

	Issued	Expected Redemptions at 83%
Maximum	$909,703,589	$755,053,979
Average	$590,971,856	$490,506,640
Minimum	$388,958,920	$321,175,903

ASSUMPTION (continued)

Accordingly, Oversight will indicate a positive fiscal impact for the General Revenue Fund from $321,172,903 to $755,053,979 for FY 2013 and FY 2014. Oversight will indicate no fiscal impact for FY 2012 since tax credits could be issued until December 31, 2011. This estimated impact is for fiscal note purposes only, and the actual amount of revenue reduction for FY 2012, FY 2013, and FY 2014 could be more or less than the calculated amount due to the redemption of tax credits from prior years.

Nonresident Athletes and Entertainers Tax Program

This proposal would eliminate the Nonresident Athletes and Entertainers Tax Program as of December 31,2011. In response to another proposal (HB 470 LR 0869-02), officials from the **Office of Administration, Division of Budget and Planning**, have provided an estimate of estimate of program revenues of approximately $30 million per year.

Oversight assumes that the amount of revenues from the Nonresident Athletes and Entertainers Tax Program would vary significantly from year to year, and notes that current provisions base funding for program recipients on an annual estimate of program revenues by the Commissioner of Administration. Actual funding to the program recipients, however, is subject to appropriation. Oversight has reviewed the allocations and transfers of funds from the General Revenue Fund to the various program recipients for recent years and has noted that actual appropriations for program recipients were $12.6 million in FY 2008, $8.7 million in FY 2009, $8.0 million in FY 2010, and $0 in FY 2011.

Because these provisions would not require any specific appropriations or expenditures to be made for any of the funds involved, Oversight will indicate no fiscal impact for these provisions.

Officials from the **University of Missouri, Economic and Policy Analysis Research Center** (EPARC) stated that if enacted, this proposal would eliminate tax credit programs and enact a flat 3.125% income tax. Specifically, it would eliminate all tax credit programs, state income deductions, additions and subtractions. It also enacts new personal and dependent exemption amounts and recalculates Missouri taxable income based on federal taxable income. The resulting Missouri Taxable Income would be multiplied by a flat 3.125% tax rate for all taxable incomes.

ASSUMPTION (continued)

Based on the EPARC simulation of individual income tax for Missouri and using 2009 returns as a baseline, Net Tax Due would be reduced from $4,395.185 million to $2,545.723 million, a reduction of $1,849.462 million from the baseline. Therefore, this modification in individual income tax provisions would generate a decrease in Net General Revenue of $1,849.462 million.

Oversight will use the EPARC estimate of impact for the changes in personal income tax revenues. Oversight notes that the personal income tax provisions in this proposal would be effective for tax years starting January 1, 2012 which would be filed beginning in January 2013 (FY 2013).

FISCAL IMPACT - State Government	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE FUND			
Cost - Department of Revenue			
Salaries (28 FTE)	$0	($320,696)	($647,805)
Temporary employees	$0	($6,565)	($13,261)
Benefits	$0	($171,288)	($346,002)
Equipment and Expenses	$0	($159,316)	($16,395)
Total	$0	($657,865)	($1,023,463)
Additional revenue - termination of tax credit programs *	$0	$321,175,903 to $755,053,979	$321,175,903 to $755,053,979
Revenue reduction - revision of personal income tax law	$0	($1,849,462,000)	($1,849,462,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *	**$0**	**($1,092,065,886 to $1,528,943,692)**	**($1,095,434,484 to $1,529,309,560)**
Estimated Net FTE effect on General Revenue Fund	28	28	28

*** Note: The fiscal note does not reflect the possibility that some of the tax credits could be utilized by insurance companies against insurance premium taxes. If this occurs, the increase in tax revenue would be split between the General Revenue Fund and the County Foreign Insurance Fund, which ultimately goes to local school districts.**

FISCAL IMPACT - Local Government	FY 2012 (10 Mo.)	FY 2013	FY 2014
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact to small businesses which participate in the current tax credit programs.

FISCAL DESCRIPTION

The proposed legislation would eliminate Missouri tax credit programs and enact a flat 3.125% income tax.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Department of Agriculture
Office of Administration
  Division of Budget and Planning
Department of Economic Development
  Division of Business and Community Services
  Division of Workforce Development
  Missouri Development Finance Board
  Missouri Housing Development Commission
Department of Insurance, Financial institutions, and Professional Registration
Department of Health and Senior Services
Department of Natural Resources
Department of Revenue
Department of Social Services
Joint Committee on Administrative Rules
University of Missouri
  Economic and Policy Analysis Research Center

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